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COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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July 20, 2004

IN REPLY PLEASE

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TO: Each Supervisor

FROM: James A. Noyes
Director of Public Works

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (MTA) BOARD MEETING-JULY 22, 2004 2004 CONGESTION MANAGEMENT PROGRAM

On July 14, 2004, the MTA's Planning and Programming Committee approved the 2004 Congestion Management Program (see the attached Executive Summary) and recommended adoption by the MTA Board at their July 22, 2004, meeting. The Planning and Programming Committee also received and filed a status report (also attached) from MTA staff on their Nexus Study to determine the feasibility of implementing a congestion mitigation fee on new development.

The Los Angeles County Congestion Management Program (CMP) was created to link local land use decisions with their impacts on regional transportation and air quality. The County of Los Angeles Department of Public Works has continued to be an active participant on the Policy Advisory Committee, which oversees development of the CMP. In response to local jurisdictions' concerns over the CMP's current debit/credit approach, the MTA has proposed to explore, via the Nexus Study, the feasibility of implementing a Countywide congestion mitigation fee on new development in lieu of the current debit/credit system. In the interim, the MTA has required that local jurisdictions report only debits until a decision can be reached regarding a potential mitigation fee.

Caltrans is proposing to implement a freeway impact fee for development projects, which will add traffic to the freeway system in the County. We have reserved judgment on their proposal since, among other reasons, we saw it as a duplication of MTA's Countywide congestion mitigation fee. If the MTA Board does not pursue a Countywide congestion mitigation fee, we will be conferring with Caltrans to determine the appropriateness of their freeway impact proposal.

Each Supervisor
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We recommend that if the MTA Board does not pursue a Countywide congestion mitigation fee, they should reinstate the requirement for local jurisdictions to report debits and credits to maintain compliance with Proposition 111. This compliance will ensure that the County and the cities will continue to receive State gas tax funding provided by Proposition 111.

We will continue to work closely with MTA staff to ensure that the County's priorities are considered in future decisions regarding the CMP.

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Attach.

cc: Chief Administrative Office
Executive Office

EXECUTIVE SUMMARY

1.1 INTRODUCTION

The 2004 Congestion Management Program (CMP) marks the twelve-year anniversary since the program became effective with the passage of Proposition 111 in 1990. In 1992, the CMP forged new ground in linking transportation, land use, and air quality decisions for one of the most complex urban areas in the country. The hallmark of the CMP is that it is intended to address the impact of local growth on the regional transportation system. This document represents the seventh CMP adopted for Los Angeles County.

The CMP was created for the following purposes:

To link local land use decisions with their impacts on regional transportation and air quality;

To develop a partnership among transportation decision makers on devising appropriate transportation solutions that include all modes of travel.

The CMP alone does not solve all the mobility issues within Los Angeles County. Many mobility issues are localized traffic concerns and are not addressed through the CMP. Nevertheless, the CMP is an important tool addressing transportation needs throughout Los Angeles County. The CMP also demonstrates the benefits of nine years of highway monitoring, eight years of local growth monitoring, and thirteen years of local transportation improvements.

As the nature of congestion has evolved since 1992, the countywide strategy for tackling deficiencies on our transportation system is also evolving. MTA is working with stakeholders countywide to explore the feasibility of implementing a congestion mitigation fee to meet future CMP Deficiency Plan requirements. The goal is to develop a new and improved CMP Deficiency Plan approach that allows cities to address deficiencies on the regional transportation

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network caused by growth. Section 1.5 discusses this further and explains the changes to local governments' CMP reporting requirements, including a new streamlined reporting process.

This document contains specific information about the program and its ongoing requirements. The Appendices contain revised reporting forms, standard material related to the monitoring data, and additional technical guidance and assistance for local jurisdictions.

1.2 CONGESTION MANAGEMENT PROGRAM HIGHLIGHTS

The following points highlight some of the key trends and results of this unique program.

CMP Highway and Roadway System

The Los Angeles County freeway system is a mature system that is operating at its designed capacity and is not prone to large changes in congestion levels.

Half of the freeway system operates at LOS E and F, the two most congested levels, in the morning and afternoon rush hours. Almost mimicking this pattern, 40% of the arterial intersections operate at LOS E and F in the morning rush hours, and half of the intersections operate at LOS E and F in the afternoon.

Freeway monitoring data indicates a highly complex travel pattern for Los Angeles County, with many freeway segments experiencing congestion in both directions during the morning and afternoon rush hours. This differs from the traditional suburb-to-downtown commute pattern.

Land Use Growth Trends

From 1995 through 2003, building permits were issued for the construction of 101,499 residential dwelling units and 180.6 million square feet of non-residential (commercial, industrial, and office) building space.

Historically, growth has not been evenly dispersed across Los Angeles County jurisdictions. Sixty percent of the growth occurs in the same top 10 to 15 most active

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jurisdictions. The ten fastest growing cities for since 1995 are:

- | | |
|------------------------|--------------|
| 1. City of Los Angeles | 6. Industry |
| 2. Los Angeles County | 7. Carson |
| 3. Long Beach | 8. Burbank |
| 4. Santa Clarita | 9. Torrance |
| 5. Lancaster | 10. Palmdale |

Conversely, forty-six cities (just over half of all jurisdictions) have very limited growth and account for less than 10% of new development.

At a sub-regional level, the percentage of countywide growth is as follows (see Exhibits 3-1 and 3-2 for sub-area definitions):

- City of Los Angeles 20%
- Gateway 18%
- San Gabriel Valley 17%
- Los Angeles County 16%
- San Fernando Valley Cities/North County 16%
- South Bay 10%
- Westside 3%

Sub-areas with the greatest residential growth were the County of Los Angeles, City of Los Angeles, and the San Fernando Valley Cities/North County area.

In looking at commercial, industrial and office growth:

- The Gateway area had significantly more industrial growth than other sub-regions, followed by the San Gabriel Valley and South Bay areas.
- The greatest commercial growth was in the San Fernando Valley Cities/North County and Los Angeles County areas.
- The greatest office growth was in the San Fernando Valley Cities/North County and the City of Los Angeles, accounting for 50% for the entire County.

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Mobility Improvements

From 1990 through 2003, local jurisdictions have implemented 5,600 local mitigation strategies that have eliminated or accommodated approximately 5.6 million vehicle miles of travel each day - a \$613 million annual savings to the public in time and fuel costs.

Following an historical trend, Transportation System Management and Capital Improvement Projects were the most implemented projects and accounted for 79% percent of the mobility benefit.

Of all the 65 CMP congestion management strategies, land use strategies continue to be implemented the least among local jurisdictions. As a result, between 1990 and 2003, land use strategies have generated only 3% of the total mobility benefit.

Transit service improvements have doubled since 1997. From 1997 to 2003, transit service increased its role in congestion management, accounting for 6% of all mobility improvements in 1997 to 12% in 2003.

1.3 CMP REQUIREMENTS

The CMP for Los Angeles County has been developed to meet the requirements of Section 65089 of the California Government Code.

As required by statute, Los Angeles' CMP has the following elements:

A system of highways and roadways, with minimum levels of service performance measurements designated for highway segments and key roadway intersections on this system.

A performance element that includes performance measures to evaluate multimodal system performance.

A transportation demand management (TDM) element that promotes alternative transportation strategies.

A Land Use Analysis program to analyze the impacts of local land use decisions on the regional transportation

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system, including an estimate of the costs of mitigating those impacts.

A seven-year capital improvement program of projects that benefit the CMP system.

A Deficiency Plan.

Los Angeles' CMP has also been developed to meet the federal requirements for a Congestion Management System (CMS) initially enacted in the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, and continued in the Transportation Equity Act for the 21st Century (TEA-21) in 1998. The federal CMS requirement was modeled after California's CMP. Like the CMP, CMS requires monitoring, performance measures, and, in certain cases, mitigation measures. Without the CMP, the Southern California Association of Governments (SCAG) would need to develop a separate CMS for Los Angeles County. This would give SCAG the federal authority to require the implementation of mitigation strategies for capacity enhancing highway and transit projects. The 2004 CMP functions as the Los Angeles County portion of the Congestion Management System.

1.4 LOCAL CMP REQUIREMENTS

While many levels of government are involved in developing and implementing the CMP, local jurisdictions have significant implementation responsibilities. These responsibilities include assisting in monitoring the CMP highway and transit system, implementing a transportation demand management ordinance, implementing a program to analyze the impacts of local land use decisions on the regional transportation system, and participating in the Countywide Deficiency Plan.

Jurisdictions are required to conform to local CMP requirements in order to receive their portion of state gas tax revenue allocated by Section 2105 of the California Streets and Highways Code. The 88 cities, plus the County of Los Angeles, collectively receive over \$93 million annually for maintaining compliance. In addition, compliance with the CMP is necessary to preserve their eligibility for state and federal funding for transportation projects.

Since the adoption of the first CMP, MTA has worked closely with Los Angeles County's 89 local jurisdictions and others

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interested in CMP implementation. The main focus of activity has been to ensure smooth implementation of CMP requirements for local jurisdictions so that they maintain CMP compliance and continued eligibility for state gas tax and other transportation funds. To date, the County of Los Angeles and all but one of the 88 cities have maintained CMP conformance and their eligibility for these funds.

Individuals identified as CMP contacts at each local jurisdiction receive regular notices explaining approaching CMP deadlines. MTA often contacts local jurisdictions directly in order to monitor implementation progress. Members of the Policy Advisory Committee (PAC) are kept informed of CMP implementation developments and are consulted from time to time. Other mechanisms are used for public outreach and consultation as well. A telephone hotline provides a convenient mechanism for people to request CMP documents (213-922-2830).

1.5 CHANGES TO LOCAL RESPONSIBILITIES FOR 2004

The Countywide Deficiency Plan requires local agencies to offset a portion of the impact that their new development has on the regional transportation system. Historically, each local jurisdiction's responsibilities has been tracked through a point system that reflects the impact of local growth ("debits") and benefits of transportation improvements ("credits"). In recent years, cities have raised concerns regarding this Deficiency Plan approach, citing their difficulty in maintaining conformance and questioning its effectiveness.

As part of its approval of the 2003 Short Range Transportation Plan, the MTA Board authorized a nexus study to evaluate the feasibility of implementing a congestion mitigation fee. A fee would help ensure that new growth directly mitigates its traffic impacts on the regional transportation system by helping fund needed local transportation improvements. Such a fee could mirror mitigation fees implemented in Orange and Riverside counties (and now being studied in San Bernardino County). The purpose of the nexus study will be to identify and justify a mitigation fee that would meet CMP Deficiency Plan requirements.

"...the MTA Board authorized a nexus study to evaluate the feasibility of implementing a congestion mitigation fee."

While this study is underway, CMP Deficiency Plan requirements for maintaining a positive credit balance will be suspended. However, reporting on all new development activity and adopting the self-certification resolution will continue to be annual reporting requirements (please see Chapter 7 and Appendices C and D). The following table summarizes past and current CMP reporting requirements and other responsibilities for local jurisdictions.

CMP Requirement	Previous Requirement	New Requirement
Transportation Mitigation and Improvement Reporting (Credits)	Yes	No
Land Use Reporting (Debits)	Yes	Yes
Land Use Analysis Program	Yes	Yes
TDM Ordinance Program	Yes	Yes
Biennial Highway Monitoring	Yes	Yes
Biennial Transit Monitoring	Yes	Yes

Historically, the CMP for Los Angeles County has been developed with the assistance and input of numerous agencies and individuals representing a wide range of organizations and interests throughout the County. Along with the PAC, MTA uses a consensus approach to updating any element of the CMP. The development and exploration of a congestion mitigation fee through the nexus study will continue this tradition. The PAC will be meeting regularly to assist MTA in identifying challenges and solutions, and to ensure the nexus study provides an equitable and meaningful approach to mitigating deficiencies on the region's transportation network. Recommendations will be brought back to the MTA Board at a future date and will be amended into the CMP at that time if appropriate.

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PLANNING & PROGRAMMING COMMITTEE
JULY 14, 2004

**SUBJECT: NEXUS STUDY TO DETERMINE FEASIBILITY
OF A CONGESTION MITIGATION FEE**

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file status report on nexus study to determine the feasibility of implementing a congestion mitigation fee.

ISSUE

Since 1992, MTA has implemented a Congestion Management Program for Los Angeles County that seeks to link transportation, land use, and air quality decision making. Under State statute, MTA partners with local jurisdictions to implement a Countywide Deficiency Plan to mitigate deficiencies on the transportation network caused by growth. Based on concerns regarding the current “debit/credit” approach to the Deficiency Plan, the MTA Board has directed staff to conduct a nexus study to assess the feasibility of implementing a congestion mitigation fee for new development. State law requires that a nexus study justify a link between an impact fee and the intended use of revenues.

DISCUSSION

Since the adoption of the first CMP in 1992, MTA has worked closely with Los Angeles County’s 89 local jurisdictions to ensure smooth implementation of CMP requirements. By complying with the CMP, cities receive \$93 million annually in state gas tax revenue. Over the last several years, some cities have raised concerns regarding the current debit/credit Deficiency Plan approach, with increasing numbers citing their difficulty in maintaining conformance. Under this approach, new development is assessed debits that must be balanced by credits from traffic relief strategies.

As part of its approval of the 2003 Short Range Transportation Plan (SRTP), the MTA Board has authorized work on a nexus study to explore the feasibility of implementing a congestion mitigation fee. The MTA Board also authorized the suspension of the credit/debit Countywide Deficiency Plan approach while the nexus study is underway. However, other reporting requirements remain unchanged.

The nexus study is evaluating how a congestion mitigation fee could help new growth directly mitigate its traffic impacts on the regional transportation system by helping fund needed local transportation improvements. This could mirror mitigation programs

implemented in Orange and Riverside counties and now being studied in San Diego and San Bernardino Counties. The nexus study is necessary to meet the requirements of CMP Deficiency Plan statute and California Mitigation Fee Act regulation (AB 1600). The findings of the nexus study will be presented to the MTA Board by June 2005. Any decision to implement a congestion mitigation fee would then require MTA Board approval.

To date, MTA staff has worked with key stakeholders to identify local issues and develop a technical approach for the nexus study. Staff has met with the CMP Policy Advisory Committee (PAC), which includes public and private sector interests; a PAC Working Group subcommittee that has studied technical concerns; and MTA's Technical Advisory Committee. In addition, staff has met with the subregional Councils of Government and Caltrans to identify a range of policy and technical issues for the study.

The California Mitigation Fee Act requires that a nexus study draw a reasonable connection between specific fee amounts and the cost of the public transportation facility the fee will be used to fund. As a result, the study process will include the following key steps:

- project the future residential and non-residential population countywide and by subregion;
- identify current and future congestion levels countywide and by subregion; determine additional transportation projects needed by mode and subregion to substantially reduce congestion and serve the projected population;
- estimate the projected costs of additional transportation projects or service capacity;
- distinguish the cost of additional transportation projects between the existing population and new residents and businesses, to ensure that identified mitigation fees address only the impact from new development;

The nexus study technical work effort requires continued collaboration with public and private sector stakeholders to resolve policy and technical issues. MTA staff will work with the range of interest groups to obtain consensus on the impact fee and the administrative procedures through which it can be implemented.

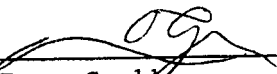
MTA staff is already incorporating recent public comments into the nexus study. On February 4, 2004, the MTA Technical Advisory Committee recommended that nexus study-related comments submitted as part of the 2003 SRTP be considered, and that staff brief Board staff as soon as possible. The comments contained in the SRTP letters raised issues that will be addressed through the nexus study. On May 19, 2004, the Planning and Programming Committee reaffirmed that staff should focus solely on exploring the congestion mitigation fee. In response to Committee concerns, the nexus study will address the merits of the current debit/credit approach, equity concerns for different types of cities, and impacts on disadvantaged communities. Furthermore, the nexus study will highlight and uphold the CMP's statutory requirement exempting low- and very low-income housing, along with transit-oriented development near rail stations.

NEXT STEPS

As the nexus study progresses, MTA will continue to coordinate with Board members, the CMP PAC, subregions, cities, the private sector, and other stakeholders to ensure the study addresses local transportation concerns and priorities. Staff will ensure the study also addresses the CMP's Deficiency Plan requirement to mitigate the transportation impact of growth on the regional transportation system. The findings of the nexus study will be presented to the MTA Board by June 2005. The MTA Board then has the authority to adopt and implement a congestion mitigation fee or other strategy as the CMP's Deficiency Plan.

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